Financial Management Modernization Initiative (FMMI)

FMMI 203 – FMMI Periodic Processing Overview

Version 2.00

Course Outline

- **Introduction Module**

- Module 1 – Periodic Processing Overview

- Module 2 – Month-End Closing Sub-Process

- Module 3 – Year-End Closing Sub-Process

- Course Summary

- Course Evaluation

Welcome to FMMI Periodic Processing Overview

- The Periodic Processing Overview course will provide you an introduction to the information needed to understand the Periodic Processing process in FMMI. The course introduces you to
  - End-to-End General Ledger process
  - Key Terminology
  - FMMI User Roles and their responsibilities
  - Periodic Processing touchpoints with other process areas

Course Objectives

After completing this course, you will be able to:

- Explain key Periodic Processing terminology and business concepts

- Explain the high-level Periodic Processing process

- Explain the FMMI roles required to perform the Periodic Processing process
  - Month-End Closing sub-processes
  - Year-End Closing sub-processes

- Explain high-level Periodic Processing and sub-processes

- Explain how other business process areas interact with Periodic Processing

Introduction Module Overview

Before you get started with the course modules, review the next slides. The next slides include:

- Business Process Flow Reference Guide
- Review of the content covered in FMMI 101 – Introduction to FMMI
- Review of the FMMI Curriculum

Introduction to FMMI (100 Level) Review

As a prerequisite to the 200 Level courses, you participated in the FMMI 101 - Introduction to FMMI course. FMMI 101 provided a high-level overview of the FMMI project, changes and impacts of the implementation, and benefits of the new system.

After completing the 100 Level course, you learned to:

- Summarize the FMMI program objectives
- Explain the benefits and advantages FMMI provides
- Describe an Enterprise Resource Planning (ERP) solution
- Explain new business processes and concepts
- Explain the key implementation timeline and milestones
- Explain what organizations are impacted by each release of FMMI

The 200 Level Process Overview courses takes a step further and provides you a high-level overview of FMMI's new terminology and business processes.

Your Curriculum

The FMMI Training curriculum outlines the training required for FMMI User Roles. The training courses provide an understanding of the FMMI program and application(s) and the USDA financial processes.

- **Introduction to FMMI** (100 Level)
    - Overview of the FMMI project
    - Instructor-led course, delivered in an auditorium or via teleconference
- **Process Overview (200 Level)**
    - High-level view of USDA's core financial processes
    - Web-based course, delivered via AgLearn Learning Management System
- **System Navigation** (300 Level)
    - Hands-on practice navigating the FMMI system
    - Instructor-led course, delivered in a computer-based classroom
- **Role-Based** (400 Level)
    - Hands-on training and detailed introductions on how to process transactions in the FMMI system
    - Instructor-led course, delivered in a computer-based classroom

Detail and Specialization

100 Level Intro
200 Level Process Overview
300 Level System Navigation
400 Level Role-Based
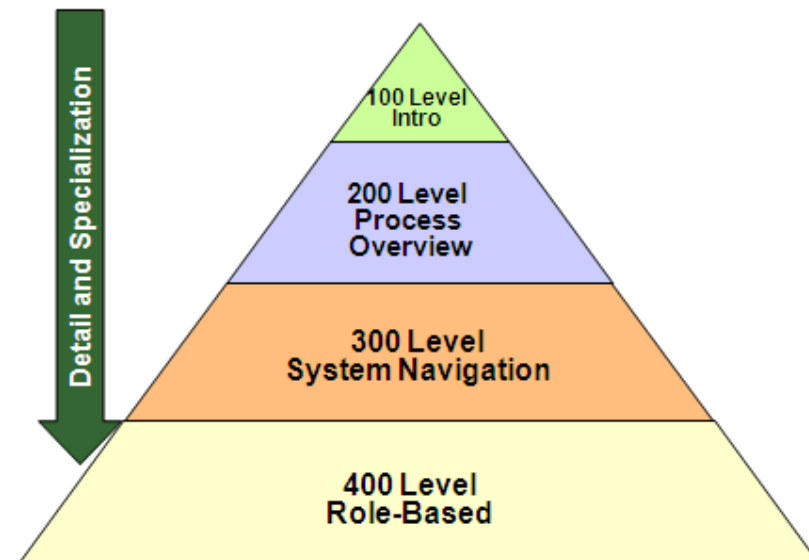
Congratulations! You have completed the Introduction module. The next few modules provide you an overview of the Periodic Processing process in FMMI.

Course Outline

- Introduction Module

- **Module 1 – Periodic Processing Overview**

- Module 2 – Month-End Closing Sub-Process

- Module 3 – Year-End Closing Sub-Process

- Course Summary

- Course Evaluation

Objectives

After completing this module, you will be able to:

- Explain the key Periodic Processing terminology and concepts

- Explain the purpose of the Financial Accounting (FI) module within the FMMI system

- Illustrate purpose and use of FMMI roles associated with Periodic Processing

- Explain the process flow of Periodic Processing activities

- Explain the interactions between Periodic Processing and other process areas within FMMI
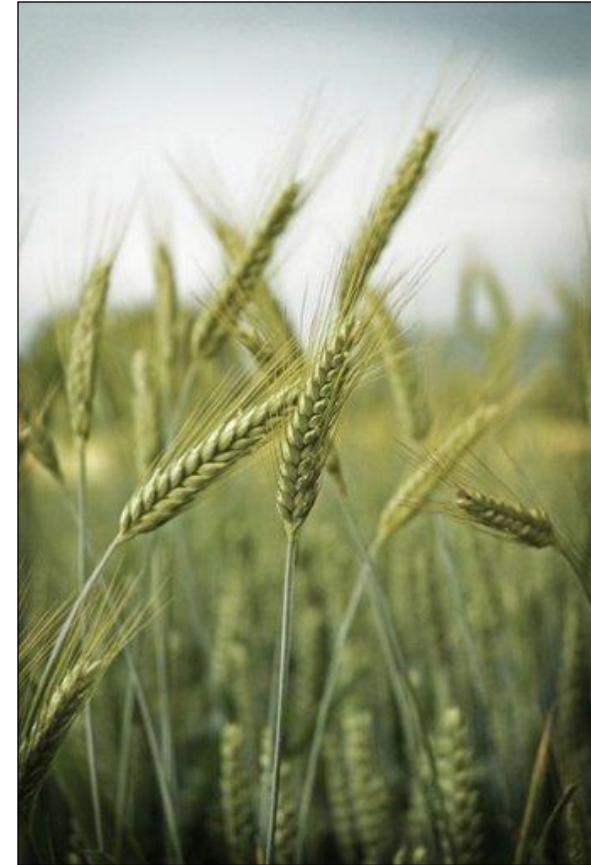
Review the following terms and definitions before beginning the Periodic Processing Overview module:

- **Financial Accounting (FI):** FMMI module that facilitates management and external reporting of legally required financial information and documents. It includes Company Code (USDA), Business Areas (Agencies/Staff Offices + Lower Lever Divisions), Chart of Accounts (USGL), and GL Accounts (USSGL)
- **Periodic Processing:** The process of reporting, classifying and managing financial transactions within FMMI for month-end and year-end processes

FMMI Financial Process Flow

This process flow illustrates the FMMI Financial end-to-end process. The highlighted area illustrates where Periodic Processing fits in the entire process.
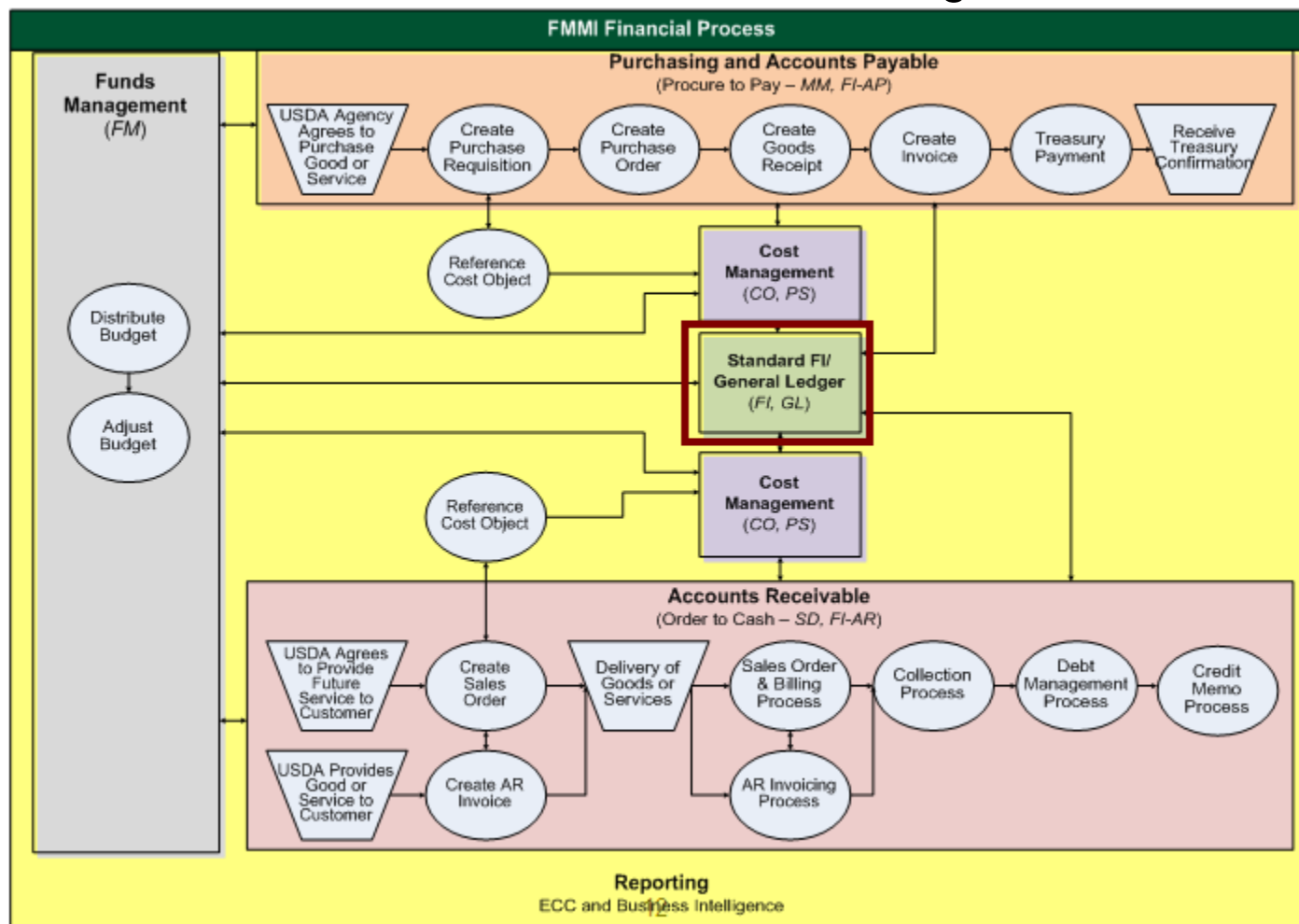
FMMI User Roles

- Role Alignment is the process of defining FMMI User Roles required to obtain system access to perform the FMMI business processes

- Once roles are defined, FMMI users are aligned to them

- Proper role definition and alignment:
  - Ensures users have access to perform the tasks needed to perform FMMI transactions
  - Ensures proper segregation of duties
  - Ensures FMMI users receive proper training

- An individual user may be assigned one or more FMMI roles based on his or her responsibilities

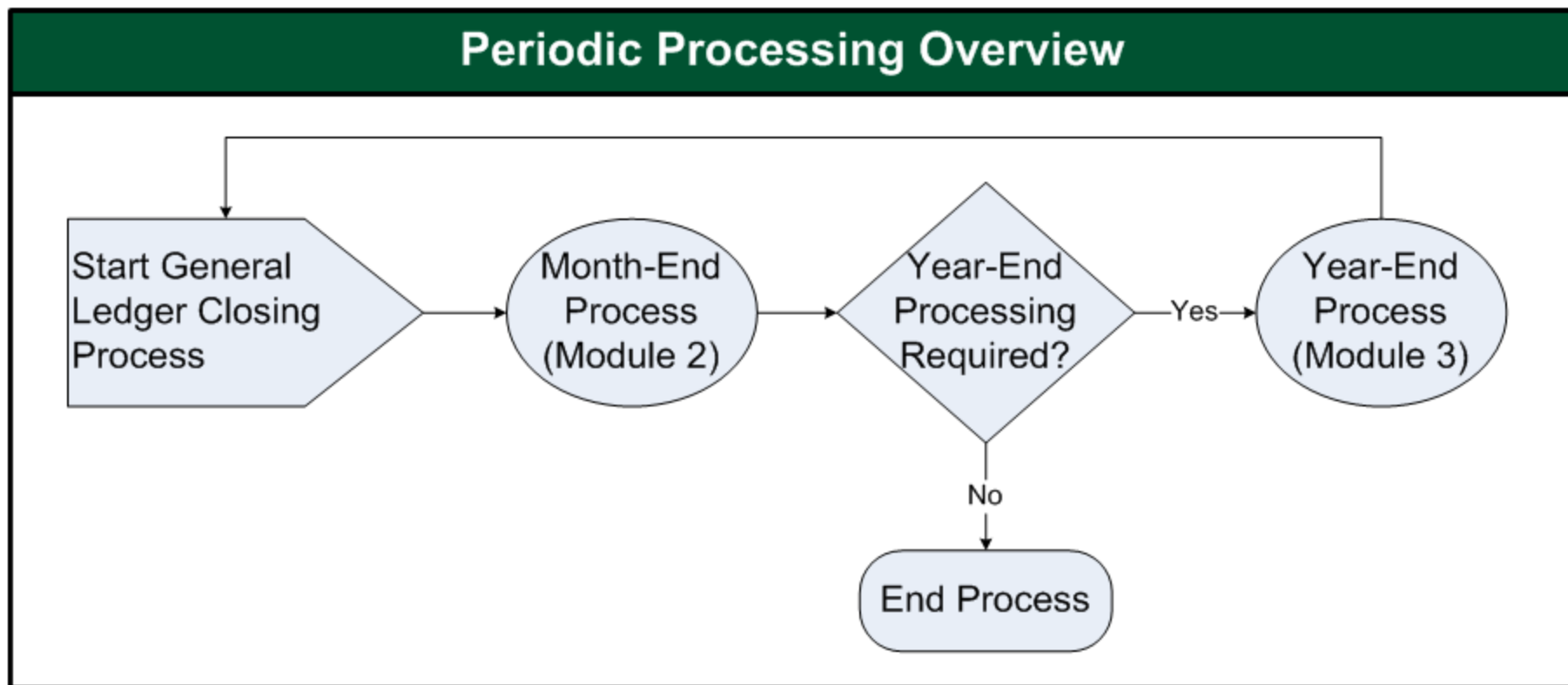- Upcoming modules further explain FMMI user roles

Business Process Flow

This process flow outlines the high-level key activities related to the end-to-end General Ledger process:

Periodic Processing Overview

Start General Ledger Closing Process → Month-End Process (Module 2) → Year-End Processing Required? — Yes → Year-End Process (Module 3)

Year-End Processing Required? — No → End Process

What is the Financial Accounting Module (FI)?

The Financial Accounting (FI) module addresses USDA's financial, budgetary, and statutory reporting requirements.

- Immediately after the user enters the appropriate data, FMMI displays updated information on the relevant accounts, account totals, and balances. It also has the capability to display information regarding the Balance Sheet and Statement of Net Cost
- Every transaction resulting in a financial impact posts to the FI module
- The account balances of each G/L Account (USSGL + sub-account) are housed in the FI module
- The FI module houses three special ledgers
  - Ledger 95: Holds data for the Trial Balance by Fund
  - Ledger 96: Holds data for the FACTS I reporting
  - Ledger 97: Holds data for the FACTS II reporting
- The FI module is a source of many financial reports

This graphic illustrates the relationships between the different FMMI modules:
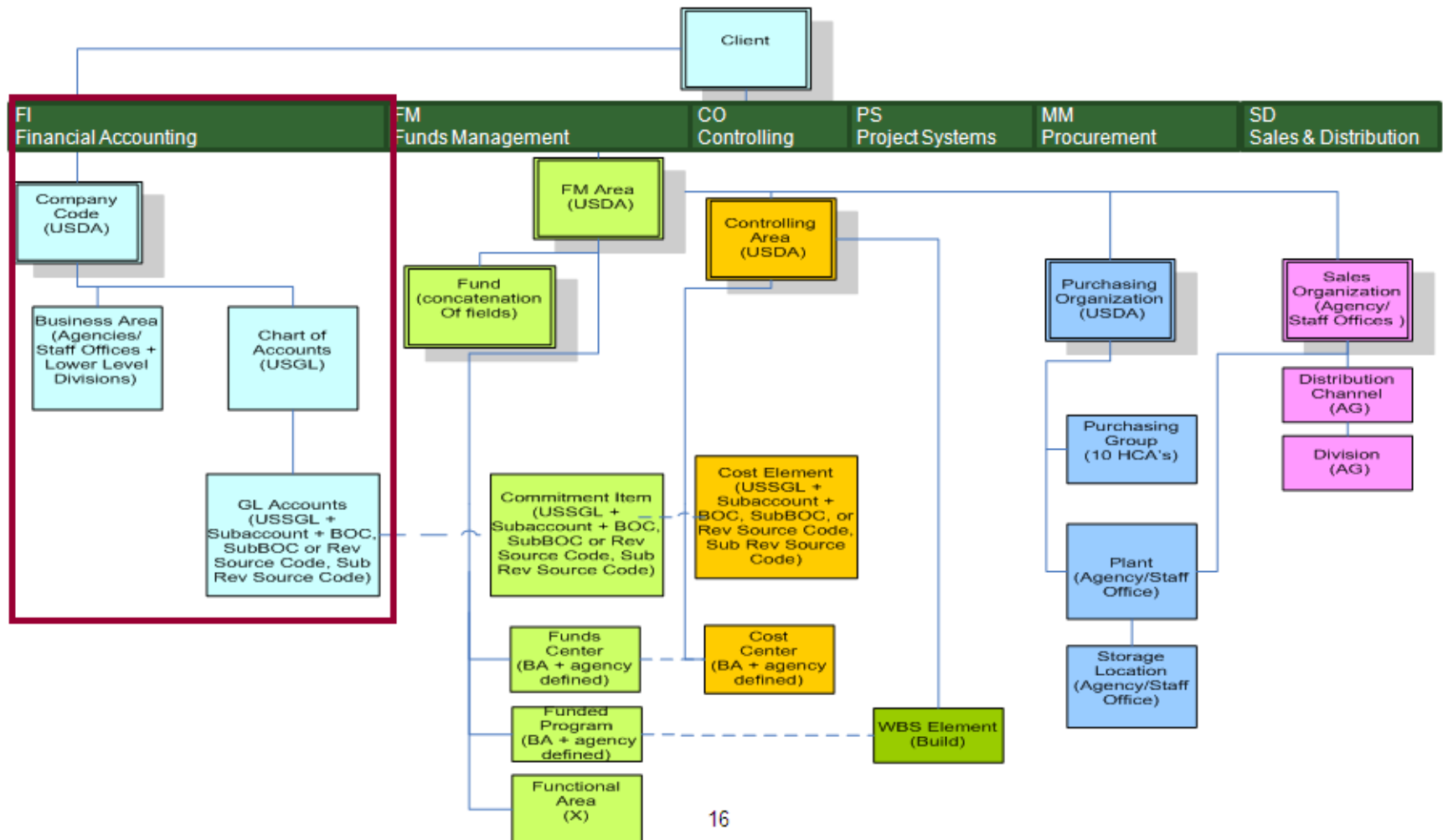
Key Business Concepts

The following concepts pertain to Periodic Processing:

- Periodic Processing includes all facets of reporting, classifying, and managing financial transactions within FMMI for month-end and year-end processes
- The closing process starts on the last working day of the current period and may continue into the subsequent period
- The closing process is managed by allowing the current period to remain open while also opening the subsequent period to allow the posting of relevant transactions to the new period
  - The Month-End Closing sub-process finalizes financial data for the month and provides accurate and complete information for financial reporting
  - The Year-End Closing sub-process mirrors the Month-End Closing sub-process, but it also includes several additional processes such as cancelling all outstanding closed commitments and funds commitments

Month-End Process Overview

- The Month-End Process is carried out at the end of a specified period, typically a month, and accomplishes the following goals:
  - Determines the overall impact of the Department's financial transactions on the General Ledger for the month
  - Opens a new period to track the transactions in the upcoming accounting period
  - Generates financial statements that report on the Department's status internally and externally

- The Year-End Close Process is a set of activities carried out at the end of the year to accomplish four main tasks:
  - Close accounts for the year
  - Determine the net effect of activities on USDA's General Ledger for the year
  - Open a new year to track financial activity in the upcoming year
  - Produce financial statements which reflect the USDA's financial status for the year

Touchpoints

- Touchpoints are those instances where one process, sub-process or activity interacts with another process, sub-process or activity

- General Ledger interacts with the following processes:
    - Funds Management
    - Cost Management
    - Accounts Payable
    - Accounts Receivable
    - Purchasing

- Now is your opportunity to see if you are learning the course material

- If you answer the questions incorrectly, please be sure to reference the course if you need more explanation about key concepts

1. **True/False**: The FI module determines how USDA maintains, updates, and processes vendor invoices.

   False

2. **True/False:** The closing process is managed by allowing the current period to remain open while also opening the subsequent period to allow the posting of relevant transactions to the new period.

   True

3. **True/False:** An individual user can only be assigned a single FMMI role.

   False

4. **Multiple Select:** Select all the process areas with which Periodic Processing interacts.
   a) Accounts Payable
   b) Accounts Receivable
   c) Cost Management
   d) Funds Management
   e) All of the Above

5. **True/False:** Periodic Processing includes all facets of reporting, classifying, and managing financial transactions within FMMI for month-end and year-end processes.
   True

Module Summary

In this module, you have learned to:

- Explain the key Periodic Processing terminology and concepts
- Explain the purpose of the Financial Accounting (FI) module within the FMMI system
- Illustrate purpose and use of FMMI roles associated with Periodic Processing
- Explain the process flow of Periodic Processing activities
- Explain the interactions between Periodic Processing and other process areas within FMMI

Congratulations! You have completed Module 1 – Periodic Processing Overview module. The next module provides you an overview of the Month-End Close sub-process.

Course Outline

- Introduction Module

- Module 1 – Periodic Processing Overview

- **Module 2 – Month-End Closing Sub-Process**

- Module 3 – Year-End Closing Sub-Process

- Course Summary

- Course Evaluation

After completing this module, you will be able to:

– Explain the key Month-End Closing terminology and concepts

– Describe the FMMI roles associated with the Month-End Closing sub-process

– Explain the process flow of Month-End Closing activities

– Explain the interactions between the Month-End Closing sub-process and other process areas within FMMI

Review the following terms and definitions before beginning the Month-End Closing Sub-Process module:

- **Accruals:** Revenues and expenses are accrued at the end of the month for customer and vendor invoices that have not been sent or received

- **Adjustment:** Correction made to a completed financial transaction posted to the General Ledger

- **Assessment:** Cost allocation that transfers cost from one cost center to another cost center to ensure that costs are assigned to appropriate receivers

- **Posting Period:** A period within a fiscal year for which transaction figures are updated. Every posted transaction is assigned to a particular posting period

FMMI User Roles

The FMMI Month-End Closing sub-process includes the following roles:

Role Name	Function
Period-End Processor	• Maintain Cut-Off Periods • Maintain Materials Management (MM), Controlling (CO), and General Ledger (FI) Posting Periods
G/L Processor	• Create Parked G/L Account Documents (Adjustments)
G/L Approver	• Approve and Post Parked G/L Account Documents (Adjustments) • Create and Post Accruals

FMMI User Roles Continued

The FMMI Month-End Closing sub-process includes the following roles:

Role Name	Function
Cost Management Administrator	• Execute Cost Allocation
Sales Order Billing Processor	• Execute Accounts Receivable (AR) Billing
Financial Reporter	• Execute SF-224 Report • Execute Financial Reports

The FMMI Month-End Closing sub-process includes the following roles:

| Role Name	Function
Treasury Submission Processor	- Submit SF-224 Report to Treasury - Submit FACTS Reports
FACTS Processor	- Executes FACTS Reports

The functions performed by the Cost Management Administrator and the Sales Order Billing Processor during Periodic Processing occur within the Cost Management module and the Accounts Receivable module, respectively

Business Process Flow

This process flow outlines the key activities related to Month-End Closing sub-process:
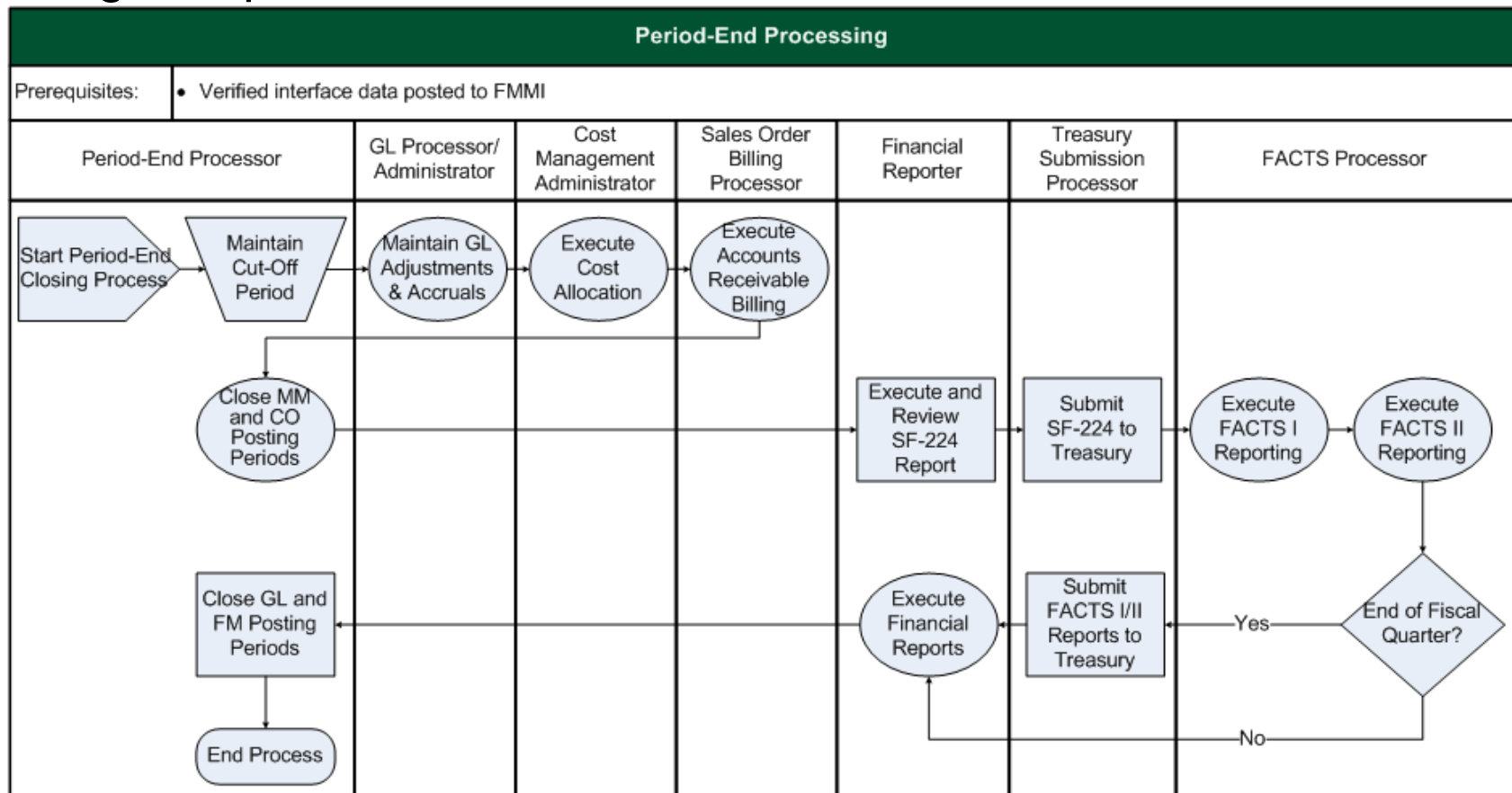
Key Business Concepts

The following concepts pertain to the Month-End Closing sub-process:

- The purpose of the Month-End Closing sub-process is to provide timely and accurate financial information in FMMI
- Specific internal and external reports should be executed, reviewed, and analyzed as part of the closing process
- You may still generate reports for prior periods even after they have been closed
- Closing the G/L posting period prevents any postings to other modules, including Funds Management (FM)
- FMMI provides the following periods:
  - Period 1-12 for normal period postings
  - Special period 13 for adjustments
  - Special period 14 for audit adjustments

The following table outlines the key touchpoints between the Month-End Closing sub-process and other process areas within FMMI:

Process	Touchpoint
Cost Management	▪ Execute Cost Assessment
Accounts Receivable	▪ Execute Collective Billing
General Ledger	▪ Create and Post G/L Account Documents (Adjustments) ▪ Create and Post Accruals

- Now is your opportunity to see if you are learning the course material

- In the event that you answer a question incorrectly, it is recommended that you reference the key concepts within the course for additional explanation

1. **True or False**: The Cost Management process is a touchpoint with the Month-End Closing sub-process.

   True

2. **Multiple Choice**: Which of the following activities takes place during Month-End Close?
   a. Maintain Cut-Off Periods
   b. Execute Cost Allocations
   c. Execute SF-224
   d. Execute AR Billing
   e. *All of the Above*

3. **True or False**: After subsequent periods are closed, you cannot regenerate reports for prior periods.

   False

4. **True or False:** Special Period 14 is for audit adjustments.

   True

5. **Multiple Choice:** Which of the following is a special period?

   a) *13*
   b) 8
   c) 5
   d) 2
   e) 1

In this module, you have learned to:

- – Explain the key Month-End Closing terminology and concepts

- – List the FMMI roles associated with the Month-End Closing sub-process

- – Explain the process flow of Month-End Closing activities

- – Explain the interactions between the Month-End Closing sub-process and other process areas within FMMI

Congratulations! You have completed Module 2 – Month-End Closing Sub-Process. The next module provides you an overview of the Year-End Closing sub-process.

Course Outline

- Introduction Module

- Module 1 – Periodic Processing Overview

- Module 2 – Month-End Closing Sub-Process

- **Module 3 – Year-End Closing Sub-Process**

- Course Summary

- Course Evaluation

Objectives

After completing this module, you will be able to:

- Explain the key Year-End Closing terminology and concepts

- List the FMMI roles associated with the Year-End Closing sub-process

- Explain the process flow of Year-End Closing activities

- Explain the differences between the Month-End Closing process and the Year-End Closing process

- Explain the interactions between the Year-End Closing process and other process areas within FMMI

Review the following terms and definitions before beginning the Year-End Closing Sub-Process module:

– **Fiscal Year:** A period used for calculating annual financial statements in an organizational entity. The U.S. government's fiscal year begins on October 1st and ends on September 30th of the following year

– **Budgetary Accounts:** Accounts in the United States Standard General Ledger (USSGL) that record the appropriation, apportionment, allocation, commitment, obligation, and expenditure process

– **Proprietary Accounts:** Accounts in the USSGL that record the receipts of funds and the proper classification of assets, liabilities, and net position

Review the following terms and definitions before beginning the Year-End Closing Sub-Process module:

- **Special Period:** Periods 13-16 that are used during the Year-End Closing sub-process for certain adjustments

- **Special Purpose Ledger:** Special Ledger 95 records transactions used to generate financial statements, Special Ledger 96 contains attributes that generate the FACTS I reporting, and Special Ledger 97 contains attributes that generate the FACTS II reporting. All these ledgers must be in balance
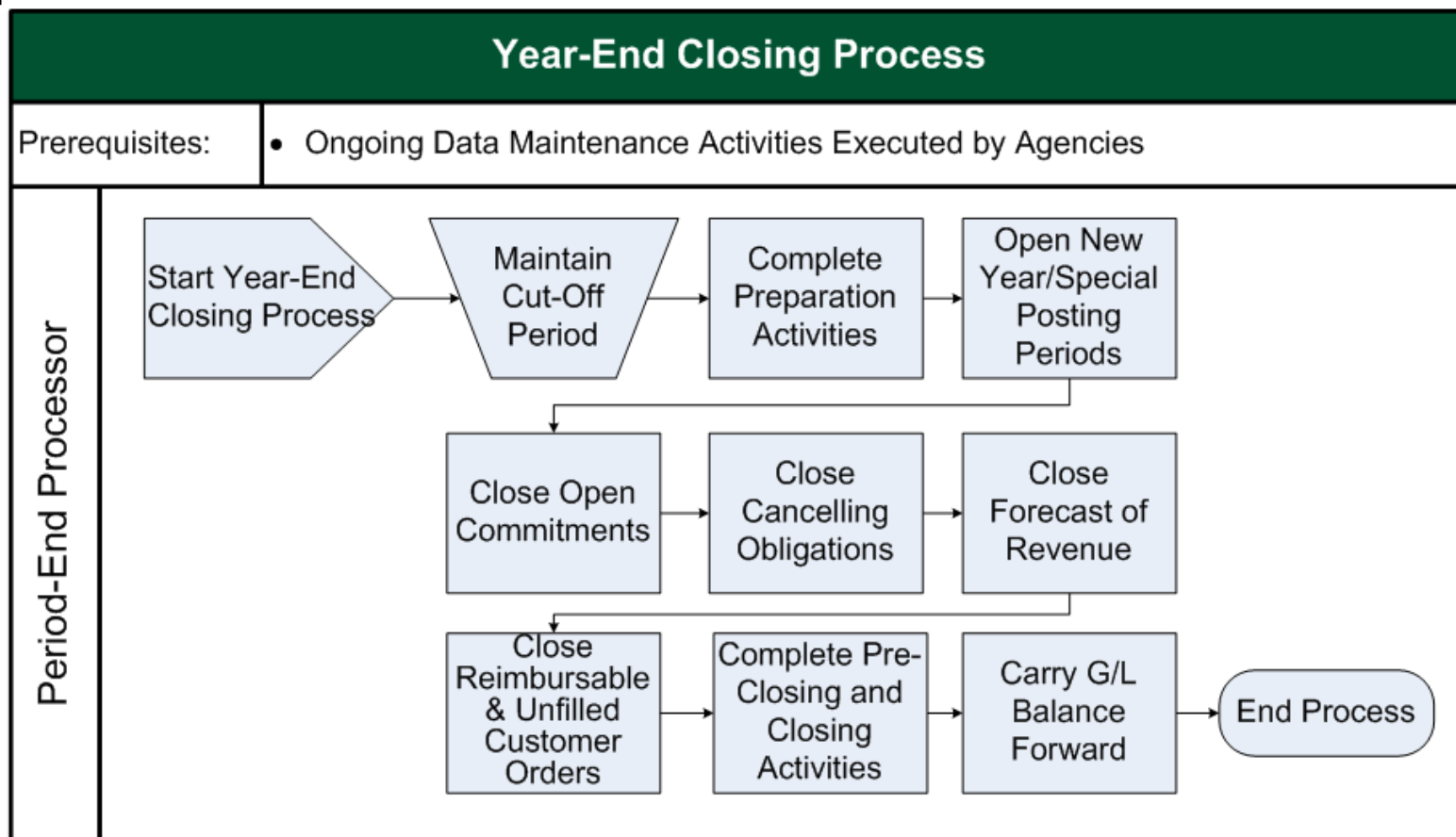
FMMI User Roles

The FMMI Year-End Closing sub-process includes the following roles:

Role Name	Function
Period-End Processor	- Maintain Posting Periods - Update Commitments, Obligations, and Revenue of Forecast - Execute the pre-closing, closing, and carry-forward activities

This process flow outlines the key activities related to Year-End Closing sub-process:

Year-End Closing Process

| Prerequisites: | • Ongoing Data Maintenance Activities Executed by Agencies |

Period-End Processor

Start Year-End Closing Process → Maintain Cut-Off Period → Complete Preparation Activities → Open New Year/Special Posting Periods

Close Open Commitments → Close Cancelling Obligations → Close Forecast of Revenue

Close Reimbursable & Unfilled Customer Orders → Complete Pre-Closing and Closing Activities → Carry G/L Balance Forward → End Process

Key Business Concepts

The following concepts pertain to the Year-End Closing sub-process:

- The Year-End Closing activities are divided into three phases:

Preclosing	→	Closing	→	Rolling Forward

- Perform reconciliations and adjustments prior to submission of final year-end balances to Treasury and Office of Management and Budget (OMB)

- Closing of the remaining budgetary and proprietary accounts

- Rolling forward of account balances and residual budget to the new year

The Year End Closing sub-process is a set of activities carried out to close accounts and ensure that the USDA's General Ledger is in balance for the year.

- This close process incorporates all the activities involved in a standard period close, as well as additional activities needed to report the final financial status of USDA for the entire year, such as:
  - Closing all outstanding commitments
  - Closing all obligations against cancelling authority
  - Pre-closing activities such as transferring nominal and budgetary accounts
  - Closing activities such as closing remaining budgetary and proprietary accounts, closing posting periods, and carrying forward balances
- The business rules for executing the Year End Close tasks are passed down from Office of the Chief Financial Officer (OCFO). These business rules include policies and cut-off dates

- Year-end closing activities result in the generation of carry-forward balances of the proprietary and budgetary accounts
  - Some examples of carry forward balances include travel advances and unliquidated obligations
- During the Year-End Closing sub-process, the Financial Reporter generates the following financial statements:
  - Balance Sheet
  - Statement of Net Costs
  - Statement of Net Position
  - Statement of Budgetary Resources
  - Statement of Financing
- As part of the annual close, G/L balances must be rolled to establish new year beginning balances

The following table outlines the key touchpoints between the Year-End Closing sub-process and other process areas within FMMI:

Process	Touchpoint
Accounts Receivable	▪ Execute Collective Billing
Funds Management	▪ Execute appropriate reports to check for overspent budgets and to determine which funds need to be distributed before year-end close ▪ Create new master data elements for the new fiscal year
General Ledger	▪ Execute the Trial Balance report to validate all year-end close activities

- Now is your opportunity to see if you are learning the course material

- If you answer the questions incorrectly, please be sure to reference the course if you need more explanation about key concepts

1. **True/False**: The Year End Closing sub-process is a set of activities carried out to close accounts and ensure that the USDA's General Ledger is in balance for the year. *True*

2. **Multiple Choice:** Which of the following is an activity carried out during the Year-End Close process?
   a) Closing all outstanding commitments
   b) Closing all obligations against cancelling authority
   c) Transferring nominal and budgetary accounts
   d) Carrying forward G/L balances
   e) *All of the Above*

3. **True/False**: The Period-End Processor generates financials statements such as the Balance Sheet during year-end close. *False*

4. Multiple Choice: Which of the following is an example of a carry forward balance?

   a) Unliquidated Obligations
   b) Travel Advances
   c) Cancelled Commitments
   d) A and B
   e) None of the Above

5. **True/False**: Rolling over proprietary and budgetary accounts to the subsequent period is performed during month-end closing and year-end closing.

   False

In this module, you have learned to:

- Explain the key Year-End Closing terminology and concepts

- List the FMMI roles associated with the Year-End Closing sub-process

- Explain the process flow of Year-End Closing activities

- Explain the differences between the Month-End Closing process and the Year-End Closing process

- Explain the interactions between the Year-End Closing process and other process areas within FMMI

Congratulations! You have completed Module 2 – Year-End Closing Sub-Process. The next few module provide you summary of the Periodic Processing Overview course.

Course Outline

- Introduction Module

- Module 1 – Periodic Processing Overview

- Module 2 – Month-End Closing Sub-Process

- Module 3 – Year-End Closing Sub-Process

- **Course Summary**

- Course Evaluation

Course Summary

In this course, you have learned to:

- Explain key Periodic Processing terminology and business concepts
- Explain the high-level Periodic Processing process
- Explain the FMMI roles required to perform the Periodic Processing process
  - Month-End Closing sub-processes
  - Year-End Closing sub-processes
- Explain high-level Periodic Processing and sub-processes
- Explain how other business process areas interact with Periodic Processing

Course Outline

- Introduction Module

- Module 1 – Periodic Processing Overview

- Module 2 – Month-End Closing Sub-Process

- Module 3 – Year-End Closing Sub-Process

- Course Summary

- **Course Evaluation**

Course Evaluation

- In our efforts to continuously improve FMMI Training, please complete the course evaluation

- The FMMI team uses the results of evaluations to determine the overall effectiveness of the training program and to identity improvements for future sessions
  - Your answers will remain confidential but you may also provide your name if desired

- The evaluation can be accessed at the following link:

Course Survey